

POLISH FINANCIAL SUPERVISION AUTHORITY

Current Report No.

5

/

2020

Date:

February 10th 2020

Abbreviated issuer name:

FAMUR S.A.

Subject:

Preliminary estimated consolidated financial data of the FAMUR Group for 2019

Legal basis:

Article 17(1) of MAR – Inside information

Text of the report:

The Management Board of FAMUR S.A. of Katowice (the "Company" or "FAMUR") announces that on February 10th 2020 it was notified of preliminary estimated consolidated and separate financial results of FAMUR S.A. and the FAMUR Group for 2019 and decided to publish the results.

Estimated consolidated financial highlights of the FAMUR Group for 2019:

Revenue: approximately PLN 2,165m;

Operating profit: approximately PLN 271m;

EBITDA (net of subordinated entities' goodwill impairment): approximately PLN 453m;

Net profit: approximately PLN 253m.

Net debt as at December 31st 2019: approximately PLN 218m

Estimated separate financial highlights of FAMUR S.A. for 2019:

Revenue: approximately PLN 1,589m;

Operating profit: approximately PLN 354m;

EBITDA: approximately PLN 514m;

Net profit: approximately PLN 162m.

The amounts presented in this report are estimates and may differ from the amounts which will be disclosed in detail in FAMUR S.A.'s audited separate financial statements for 2019 and the FAMUR Group's audited consolidated financial statements for 2019, to be issued on April 21st 2020.

In Q4 2019, the following non-recurring events with a material bearing on the full-year consolidated financial results of the FAMUR Group occurred:

1. Net profit was reduced by PLN 91m due to failure to mitigate the risks identified in the preceding (third) quarter of 2019 (Current Report No. 59/2019 of November 20th 2019) and the need to make further revaluation of long-term contracts and recognise additional risks at the Company's subsidiary FAMUR FAMAK S.A. ("FAMUR FAMAK"), as well as in the subsidiaries of FAMUR FAMAK, which jointly form the FAMUR FAMAK Group (the "FAMAK Group", the "Surface segment"). Due to internal factors as well as external factors beyond the Company's control, such as multiple increases in the scope of work and extension of contract performance periods by customers, combined with higher costs of contract performance and the FAMAK Group's limited ability to renegotiate contract remuneration, as well as the difficult situation of industry players, delays in or abandonment of investment projects in the lignite mining sector (surface mining), the Management Boards of the FAMAK Group companies, acting in accordance with their best knowledge and the principle of

prudence, made another revision to the budgets for ongoing contracts, resulting in a reduction of un-invoiced revenue by a total of PLN 29m (and, consequently, of consolidated revenue). Operating expenses totalling PLN 63m were also recognised following creation of provisions for potential penalties and compensation for delayed contract performance, potential losses resulting from discontinuation of performance of selected contracts, creation of provisions for repairs and warranties, recognition of impairment losses on receivables and intangible assets, and inventory write-downs. The above amounts reduced the FAMUR Group's consolidated operating result and EBITDA by a total of PLN 92m and the net profit by PLN 91m in Q4 2019.

2. Following an impairment test of the goodwill allocated to the FAMAK Group, a non-cash impairment loss of PLN 60m was recognised in the consolidated financial statements of the FAMUR Group for Q4 2019 and the full year 2019.
3. Write-off of PLN 5m on receivables of Primetech S.A. from the sale of shares in Przedsiębiorstwo Budowy Szybów S.A. to Jastrzębska Spółka Węglowa S.A., i.e. the part of the selling price of the shares in Przedsiębiorstwo Budowy Szybów S.A. which was retained by Jastrzębska Spółka Węglowa S.A.

The non-recurring events which occurred in the previous reporting periods and had a bearing on the Group's performance in 2019 were as follows:

1. Net gain of PLN 141m on sale of Przedsiębiorstwo Budowy Szybów S.A. (Current Report No. 25/2019 of May 20th 2019 in conjunction with the H1 2019 report issued on September 2nd 2019);
2. PLN 41m decrease in consolidated net profit for Q3 2019 as a result of a revision of the budgets for ongoing contracts and the provisions and impairment losses recognised at the FAMAK Group (Current Report No. 59/2019 of November 20th 2019).

In Q4 2019, a non-recurring event with a material bearing on the presented full-year separate financial results of FAMUR S.A. was the recognition of an impairment loss of PLN 146m on shares in a subsidiary of the Company (FAMUR FAMAK S.A.) Following the recognition of the impairment loss, the value of the Company's equity interest in FAMUR FAMAK S.A. was reduced to the fair value of the shares in that company. This non-cash impairment loss affects only the Company's separate financial result for Q4 2019 and the full year 2019.

At the same time, the Management Board upholds the dividend policy adopted in September 2018, providing for the distribution of 50% to 100% of the net profit as dividend. Given the preliminary estimated results for 2019, the FAMUR Management Board is considering distributing as dividend approximately 75% of the Group's net profit for 2019, adjusted for the following one-off items:

1. Total net gain of PLN 136m (in 2019) on the sale of Przedsiębiorstwo Budowy Szybów S.A. (i.e. the net gain on the sale of Przedsiębiorstwo Budowy Szybów S.A. in the amount of PLN 141m less a PLN 5m impairment loss on the receivables retained by Jastrzębska Spółka Węglowa S.A.);
2. Goodwill impairment of PLN 60m affecting the net result;
3. Negative effect of PLN 132m on the net result, due to the revision of budgets for ongoing contracts and the provisions and impairment losses recognised by the FAMAK Group in the second half of 2019.

A final dividend recommendation will be presented on the basis of approved and audited financial statements for 2019.

Legal basis: Article 17(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16th 2014 on market abuse (market abuse regulation) and repealing Directives 2003/6/EC, 2003/124/EC, 2003/125/EC and 2004/72/EC.

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| FAMUR Spółka Akcyjna | (full issuer name) |
| FAMUR S.A. | Electromechanical (ele) |
| (abbreviated issuer name) | (sector according to the WSE) |
| 40-698 | Katowice |
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| 634-012-62-46 | 270641528 |
| (Tax Identification Number – NIP) | (Industry Identification Number – REGON) |

SIGNATURES OF AUTHORISED REPRESENTATIVES

| Date | Full name | Position | Signature |
|--------------------|-------------------|--|-----------|
| February 10th 2020 | Beata Zawiszowska | Vice President of the Management Board, Chief Financial Officer | |
| February 10th 2020 | Adam Toborek | Vice President of the Management Board, Underground Export Sales | |